

MAFIKENG LOCAL MUNICIPALITY



**DRAFT
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2008**

INDEX

	<u>PAGE</u>
1 GENERAL INFORMATION	I
2 MEMBERS OF THE COUNCIL	II
3 FOREWORD	III
4 CERTIFICATION BY THE MUNICIPAL MANAGER	IV
5 CHIEF FINANCIAL OFFICER'S REPORT	1-7
6 ACCOUNTING POLICIES	8-9
7 BALANCE SHEET	10
8 INCOME STATEMENT	11
9 CASH FLOW STATEMENT	12
10 NOTES TO THE FINANCIAL STATEMENTS	13-23
11 APPENDICES	22-30
A Accumulated Funds, Trust Funds and Reserves	
B External Loans and Internal Advances	
C Analysis of Fixed Assets	
D Analysis of Operating Income and Expenditure for Year Ended 30 June 2008	
E Summarized Income Statement for the Year Ended 30 June 2008	
F Detailed Income Statement for the Year Ended 30 June 2008	
G Statistical Information	
H Details of Other Debtors	
I Details of Other Creditors	

GENERAL INFORMATION

COUNCILLORS :

K B Diakanyo
H R Mothupi
I F Motsoahae
G U Legalatladi
G L Mathane
O L Phamodi
G E Ntefang
N L Miga

PORTFOLIO

Corporate Support Services
Public Relations and Communications (Infrastructure)
Special Projects
Planning & Development
Community Services
Infrastructure
Finance
Public Safety

GRADING OF LOCAL AUTHORITY

Grade 10 / 04 (New Grading : NW 383)

AUDITORS

Auditor-General.

BANKERS

Standard Bank of S.A. Limited: Mafikeng Branch

REGISTERED OFFICE

Civic Building
Cnr. Hector Peterson Road & University Drive
MMABATHO
Telephone: 018-3890111

Private Bag X59/X63
MMABATHO
2735

MUNICIPAL MANAGER

SMIT Hendrik Jacobus

PR. Tech. Eng., B.Tech Geotechnical Civil
Masters Diploma Technology Water
Masters Diploma Roads & Transport
N.Dip Tech (Civil Eng.)
Diploma I.A.C.

CHIEF FINANCIAL OFFICER

RANTAO Rannona Albert

MA (Econ) (USA)
MBL (UNISA)
Professional Membership:
FICB (SA)
AECA (LONDON)
AGA (SA)

MEMBERS OF THE COUNCIL

The Local Elections took place on the 1 March 2006 and the under mentioned councilors took office from 8/3/2006.

COUNCILLORS

Ward

- 1 Saane-Bertrand KSM
- 2 Tambam JV
- 3 Lebereko MA
- 4 Monareng JK
- 5 Mokgoetsi KKM
- 6 Sejosingoe MD
- 7 Gavrilovic BC
- 8 Phoolo LP
- 9 Mathane GL
- 10 Diakanyo KB
- 11 Lobelo GE
- 12 Mosikare MD
- 13 Cindi TA
- 14 Tsolo-Mulasi MM
- 15 Keadilwe TD
- 16 Nkamane TH
- 17 Magogodi MP
- 18 Nkoane JGJ
- 19 Mangayi NJ
- 20 Leburu JOS
- 21 Mocuminyana SP
- 22 Nakedi GI
- 23 Seepamore KL
- 24 Lentswetshipi ES
- 25 Phele BS
- 26 Jabana BC
- 27 Phatudi BP
- 28 Mojaki KJ (Speaker)

Proportional

- Booi MF
Dintoe MM
Jabanyane MD (Chief Whip)
Jacobs PK
Khoane NI
Legalatladi GU
Lekhobe ME
Malapa SS
Maragelo DR
Matsheka PN
Meko MK
Miga NL
Modimogale KM
Modisenyana MP
Molaoa AM
Mothupi HR
Motsoahae IF
Motswenyane SP
Moxabase MH
Nkosi TF
Ntefang E
Phamodi OL
Seane GL
Seboko BO
Sephoti MW
Shadi EP
Tabane PM
Tau TD

EXECUTIVE MAYOR:

Councillor M.D. Sejosingoe

FOREWORD BY EXECUTIVE MAYOR

At the beginning of the past financial year, we reflected on the socio-economic state of our city and presented our political priorities which were expressed as follows:-

- War against poverty
- Stimulating local economic development
- Self/employment interventions in the second economy and
- development

These political priorities were translated into a programme of service delivery in our IDP and formed the core of the performance agreement between the Executive Mayor and the Municipal Manager. This report will highlight the successes of the outgoing year, the challenges we met and will also deliberate on key new policy questions and their strategic socio-politico-economic and programmatic implications for the municipality and our constituencies.

We can report that the political economy of Mafikeng is changing rapidly. Firstly, the population of Mafikeng is increasing not only due to the normal demographic trends but also as a result of displacement of farm dwellers from farms into informal settlements and the integration of new entrants e.g. the Pomfret community which has been settled in Mafikeng.

Secondly, there is a significant growth of commerce and industry in Mafikeng as a result of our deliberate and conscious decisions to use state assets owned by the municipality such as land to stimulate development of small industries, shopping malls, guest houses and hotels. We are establishing a development agency for Mafikeng to enhance SMME's and local economic development and this will further be assisted by the fact that the international license of Mafikeng Airport has been approved. Significant new investment has been attracted to the city as a result of these strategic Council decisions.

Both factors mentioned above have put pressure on the municipality to provide more efficient services such as increased demand for housing and for infrastructure services. Our plan has taken these factors into consideration and our projections over the MTEF reflect the influence that these factors bring to bear on Mafikeng.

For instance as we build more houses, so we should plan and provide for increased demand for electricity, roads, water, sewerage, waste removal, and general environmental protection. We are also integrating our plans with other national and provincial departments for the provision of other services which are not our competence such as demand for schools, clinics, police services and so on and so forth.

- IV -

We also took a business view that as we invest in infrastructure and speed up service provision, so will we increase our revenue base especially taking advantage of the increasing business establishments in Mafikeng.

The Department of Housing seeks to introduce new norms and standards to give beneficiaries bigger square meters per house, increased subsidies, rental housing stock and an emphasis on safety and community building. We are also working on submitting a Housing Sector Plan to demonstrate our ability to manage housing projects and thereby qualify us for accreditation to be housing development agents.

Our consultations with constituencies through the Imbizos have revealed our areas of strength and areas of weakness. We were able to apply corrective measures to areas of weakness and are satisfied that the community still has confidence in this government to provide a better life for all.

In conclusion, may I take this opportunity to thank the support we got from the Speaker of Council, the Single Whip of Council, Members of the Mayoral Committee, all Councilors, the Municipal Manager, all Directors and Managers, all Staff Members, our Service Providers, and most importantly, the Citizens of Mafikeng who are the shareholders who elected us to run government business on their behalf. Forward to a better life for All!

CLLR. M.D. SEJOSINGOE
EXECUTIVE MAYOR

CERTIFICATION BY THE MUNICIPAL MANAGER

I am responsible for the preparation of the Annual Financial Statements, which are set out on pages 1 - 32, in terms of Section 126(1) of the Municipal Finance Management Act, Act 56 of 2003, and which I have signed on behalf of the Municipality.

I certify that the Salaries, Allowances and Benefits of Councillors as disclosed in Note 15 of these Annual Financial Statements are within the upper limits of the framework envisaged in Section 219 of the Constitution of the Republic of South Africa, Act, Act 108 of 1996 read with the Remuneration of Public Office Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

MUNICIPAL MANAGER
Hendrik Jacobus Smit

31 August 2008

CHIEF FINANCIAL OFFICER'S REPORT

1. INTRODUCTION

I am pleased to give a brief overview of the operating result of the financial year 2007/2008.

Once again I am pleased to report that the operating budget remains balanced and that the balance sheet is gradually gearing towards the GAMAP/GRAP compliance.

The Mafikeng Local Municipality was graded low capacity municipality. In terms of Government Gazette No. 29967 dated 15 June 2007 the municipality will put plans to ensure that steps are phased-in to ensure full compliance by 2009/2010.

It is a pleasure to express appreciation to the Executive Mayor, Members of the Mayoral Committee, MMC Finance, Finance Portfolio, Municipal Manager, Directors of various Directorates for the support they gave to me personally and my directorate during 2007/2008 financial year. A special word of gratitude is extended to all financial staff and other directorates cross functional staff members for their contributions and to the office of the Auditor-General, and his staff for conducting the external audits, as well as their assistance, support and corporation during the

Finally, a further word of thanks to staff for their moral support during weekends and extended working hours of hard work, sacrifices and concentrated efforts during the year to enable this directorate to compile these financial statements.

The municipality is not yet fully compliant with General Recognized Accounting Practices (GRAP) and General Accepted Municipal Accounting Practice (GAMAP).

The municipality is committed to implement the Municipal Finance Management Act. Act 56 of 2003. Based on the above the municipality remains committed to implement the remaining parts of the act as this financial statements is compiled taking some of GAMAP and IMFO (Institute of Municipal Finance Officers) Standards.

2. REVIEW OF OPERATING RESULTS

The 2007/2008 Budget of Mafikeng Local Municipality was approved by Council on 31 May 2008. Figures reflecting the 2007/2008 original budget as well as Adjustment Budget are included in this report.

2.1 General

The Detailed operating results per departmental Revenue classification and objective of expenditure are included in Appendices D, E and F.

The overall Operating Results for the year ended 30 June 2008 are as follows:

2.1.1 SUMMARY OF INCOME AND EXPENDITURE

INCOME	Actual 2006/2007 R	Actual 2007/2008 R	Variance %	Budget 2007/2008 R	Variance Actual/Budget %
Opening Surplus	-	-	-	-	-
Gross Operating Income for the Year	236 260 838	285 045 010	17.11	241 719 618	15.20
Closing Deficit					
	236 260 838	285 045 010	17.11	241 719 618	15.20
EXPENDITURE					
Opening Deficit	-	-	-	-	-
Gross Operating Expenditure For The Year	256 198 885	256 340 526	0.06	271 628 802	-5.96
Less Dept Charges	27 583 802	5 213 208	-429.11	30 681 225	-488.53
Nett Operating Expenditure	228 615 083	251 127 318	8.96	240 947 577	4.05
Closing Surplus	7 645 755	33 917 692	77.46	772 041	97.72
	236 260 838	285 045 010	17.11	241 719 618	15.20

The actual income (R285,045,010) has increased by 17.11% compared to 2006/2007. The income is more than the budgeted figure (R241,719,618) by R43,325,392 (15.20%).

The actual expenditure (R256,340,526) has increased by 0.06% compared to 2006/2007. It is however less than budgeted Expenditure (R271,628,802) by R15,288,276 (-4.08%) This has in fact resulted in a yearly surplus of R33,917,692 compared to a budget surplus of R772,041.

2.1.2 RATES & GENERAL

RATES & GENERAL	Actual 2006/2007 R	Actual 2007/2008 R	Variance %	Budget 2007/2008 R	Variance Actual/Budget %
Income	177 361 993	222 021 563	20.11	173 196 918	21.99
Expenditure	161 676 053	187 714 749	13.87	161 516 484	13.96
Surplus/Deficit	15 685 940	34 306 814	54.28	11 680 434	65.95
OF TOTAL INCOME	0.088	0.155	2.698	0.067	2.999

During 2006/2007 Rates and General experienced a surplus of R15,685,940 (0.088%) and R34,306,814 (54.28%) in 2007/2008 financial year. This surplus assist to pay for other services which generate small revenue or where there is not revenue completely.

2.1.3 CLASSIFICATION OF REVENUE BY MAJOR SOURCE

INCOME	Actual 2006/2007 R	Actual 2007/2008 R	Variance %	Budget 2007/2008 R	Variance Actual/Budget %
Assessment Rates	103 976 187	126 057 454	17.52	99 700 000	20.91
Grants And Subsidies	41 790 374	44 314 865	5.70	51 253 000	-15.66
Water	36 617 972	37 825 323	3.19	38 826 060	-2.65
Sanitation	13 628 983	15 711 959	13.26	14 487 000	7.80
Refuse Removal	8 651 890	9 486 165	8.79	8 722 901	8.05
Other Income	31 595 432	51 649 244	38.83	28 730 637	44.37
TOTAL REVENUE	236 260 838	285 045 010	17.11	241 719 598	15.20

The increase in Rates revenue was the result of the implementation of Municipal Property Rates Act, Act 6 of 2004. During 2007/2008 Budget the assessment rates were conservatively increased to R99,700,000 due to pending objections which are to be resolved by the Valuation Court. The Appeal Court is the competency of North West Provincial Local Government.

2.1.4 CLASSIFICATION OF EXPENDITURE BY MAJOR CATEGORY

EXPENDITURE	Actual 2006/2007 R	Actual 2007/2008 R	Variance %	Budget 2007/2008 R	Variance Actual/Budget %
Salaries And Allowances	95 322 607	117 139 526	18.62	126 832 519	-8.27
Capital Charges	2 373 863	-	-	5 698 425	-
General Expenses	119 942 817	54 898 638	-118.48	84 630 152	-54.16
Repairs And Maintenance	13 227 947	29 805 415	55.62	21 924 777	26.44
Contributions	-	34 009 312	100.00	5 691 379	100.00
Special Funds	25 331 651	20 847 635	-	26 851 550	-
Expenditure	256 198 885	256 340 526	0.06	271 628 802	-5.96
Departmental Charges	-27 583 802	-5 213 208	-429.11	-30 681 225	-488.53
Departmental Charges	7 645 755	33 917 692	77.46	772 041	97.72
	236 260 838	285 045 010	17.11	241 719 618	15.20

During 2007/2008 Repairs and Maintenance increase from R13,227,947 to R29,805,415. This resulted increase by R16,580,468 (55.62%).

2.1.5 TRADING SERVICES: INCOME AND EXPENDITURE (WATER)

WATER	Actual 2006/2007 R	Actual 2007/2008 R	Variance %	Budget 2007/2008 R	Variance Actual/Budget %
Income	36 617 972	37 825 323	3.19	41 816 250	-10.55
Expenditure	37 155 971	35 404 197	-4.95	37 833 478	-6.86
Deficit/Surplus	-537 999	2 421 126	122.22	3 982 772	-64.50

SURPLUS/DEFICIT AS % OF TOTAL INCOME	-0.015	0.064		0.095	
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During 2007/2008 Water Section experienced a surplus R2,421,116 (0.064%) compared to a deficit of R53,799 (-0.015%) in 2006/2007

2.1.6 ECONOMIC SERVICES: INCOME AND EXPENDITURE (SEWERAGE)

	Actual 2006/2007 R	Actual 2007/2008 R	Variance %	Budget 2007/2008 R	Variance Actual/Budget %
REFUSE REMOVAL					
Income	14 755 578	13 628 983	-8.27	13 052 000	4.23
Expenditure	14 947 755	13 437 301	-11.24	15 849 012	-17.95
Deficit/Surplus	-192 177	191 682	200.26	-2 797 012	1 559.19
SURPLUS/DEFICIT AS % OF TOTAL INCOME	-0.013	0.014		-0.214	

In both years the sewerage section was experiencing surpluses of R191,682 (0.014) in 2006/2007 and R3,487,492 (0.222) in 2007/2008.

2.1.7 ECONOMIC SERVICES: INCOME AND EXPENDITURE (REFUSE REMOVAL)

	Actual 2006/2007 R	Actual 2007/2008 R	Variance %	Budget 2007/2008 R	Variance Actual/Budget %
SEWERAGE					
Income	8 651 890	9 486 165	8.79	9 421 620	0.68
Expenditure	16 345 758	15 783 905	-3.56	1 814 421	88.50
Deficit/Surplus	-7 693 868	-6 297 740	-22.17	7 607 199	220.79
SURPLUS/DEFICIT AS % OF TOTAL INCOME	-0.889	-0.664		0.807	

In both years the refuse removal section experienced deficits of R7,693,868 (-0.889) in 2006/2007 and R6,297,740 (-0.664) in 2007/2008/ This service does not break even and is assisted by revenue from rates and general.

3 CAPITAL EXPENDITURE AND FUNDING

The Mafikeng Local Municipality does not have strong cash base to fund its capital projects. It depend on Provincial Sector departments and the District Municipality to fund its IDP (Integrated Development Plan). The District and Provincial Sector Departments do not transfer funds nor fund these projects. Most of IDP Projects were funded by MIG (Municipal Infrastructure Grant) and loans. Loans increase burden to consumers and resident in form of increased tariff charges.

3.1 CAPITAL EXPENDITURE AND FINANCING

SERVICES	Actual 2006/2007 R	Actual 2007/2008 R	Budget 2007/2008 R
Community Services	23 934 657	28 871 020	39 542 990
Subsidised Services	5 211 611	2 698 656	-
Economic Services	-	531 830	6 720 000
Trading Services	1 836 732	1 775 334	500 000
TOTAL	30 983 000	33 876 840	46 762 990

3.2 SOURCES OF FUNDING FOR CAPITAL EXPENDITURE

SOURCES OF FUNDING	Actual 2006/2007 R	Actual 2007/2008 R	Budget 2007/2008 R
Capital Dev & Loans Fund (I.F.F)	5 211 611	3 515 320	9 388 600
Operating Account	1 836 732	30 856	1 337 970
Grant And Subsidies	23 934 657	17 610 942	14 151 000
Loans / Leases	-	-	21 867 420
TOTAL	30 983 000	21 157 118	46 744 990

4 DEBTORS AGE ANALYSIS AS AT 30 JUNE 2008

AGE ANALYSIS	2006/2007	2007/2008
CURRENT (0 - 30 DAYS)	29 843 866	130 695
31 - 60 DAYS	8 953 160	14 064 762
61 - 90 DAYS	8 953 160	13 700 098
91 DAYS AND OVER	250 688 473	300 571 231
TOTAL	298 438 659	328 466 786

The municipality updated its Indigent Register. This will assist to classify the indigent debtors from other debts. This imply that Council's Debt Collection need to apply vigorously the debt collection and credit control policies.

4.1 EXTERNAL LOANS

The increase in long term loans was due to lease financing to the value of R1,627,756 to for the procurement of vehicles and machinery in order to replace old assets. Also R2570006 was in the 2007/2008 transferred. The long term loan was also increased by R15,000,000 to finance the extension of Municipal Building, See Appendix "B".

4.2 INVESTMENTS AND BANK OVERDRAFT

4.2.1 INVESTMENTS

The short tem investments increased by R1,135,574 was due to prudent measures to ensure that Council's assets yield better returns.

4.3 FUNDS, RESERVES AND PROVISIONS

FUNDS AND RESERVES

The municipality is currently using consolidated Capital Development and Loan Development Fund since its establishment in 1st July 1994. This was in terms of Part 4 of the Municipal Ordinance No. 20 of 1974. Details are in Note 1 Appendix A.

4.3.1 LEAVE DAY PROVISIONS

Leave pay provision amount is the accumulation of leave days of employees and has increased from R7,131,730 2007/2008 to R8,499,288. The leave encashment was amounted to R2520072 and contributions

4.3.2 BAD DEBT PROVISION

Provision for doubtful debt was increased by R29,381,137 due to the increased consumer and sundry debtors. Details are provided in Note 10.

5 CREDITORS

The net creditors reduced by R3,841,831. All short term (current) creditors and debtors were split between the current assets and current liabilities. These were netted in the previous financial year, thus it appears as if both creditors and other debtors increased abnormally in the new year. Details are in Note 11 and 13.

6 WASTEFUL AND FRUITLESS EXPENDITURE

Implementation of Supply Chain Management Strategies and monitoring prevented wasteful and fruitful expenditure. This directorate is not aware of such occurrence.

7 EXPRESSION OF APPRECIATION

Once more the compilation of annual financial statements would have not been easy if it was not for the support I received since March 2007.

RANTAO Rannona Albert
CHIEF FINANCIAL OFFICER

ACCOUNTING POLICY

1 Basis of presentation

- 1.1 The Financial Statements have been prepared so as to conform to the standards laid down by the Institute of Municipal Finance Officers in its Code of Practice (1996) and Report on Published Annual Financial Statements (Second edition - January 1996).
- 1.2 The Financial Statements are prepared on the historical cost basis, adjusted for fixed assets as more fully detailed in Accounting Policy note 3. The accounting policies are consistent with those applied in the previous year, except if otherwise indicated.
- 1.3 The Financial Statements are prepared on the accrual basis as stated:
 - ☞ Income is accrued when measurable and available to finance operations. Certain direct income is accrued when received, such as traffic fines and certain licenses.
 - ☞ Expenditure is accrued in the year it is incurred.

2 Consolidation

The Financial Statements include the Rate and General Services, Housing Service, Trading Service and the different funds and reserves. All inter departmental charges are set-off against each other, with the exception of Assessment Rates, Refuse Removal and Water, which are treated as income and expenditure in the respective departments. The municipality does not have entities to consolidate.

3 Fixed Assets

3.1 Fixed Assets are stated:

- ☞ at historical cost, or
- ☞ at valuation (based on the market price at date of acquisition), where assets have been acquired by grant or donation while they are in existence and fit for use, except in the case of bulk assets which are written off at the end of their estimated useful life as determined by the Director Finance.
- ☞ Assets financed through an finance lease are recognised in the books of account and depreciation is written off as per the GAMAP statements in the income statement

3.2 Depreciation

The balance shown against the heading "Loans Redeemed and Other Capital Receipts" in the notes to the Balance Sheet is tantamount to a provision for depreciation, however, certain structural differences do exist. By way of this "Provision" assets are written down over their estimated useful life. Apart from advances from the various Council funds, assets may also be acquired through:

- ☞ Appropriations from income, where the full cost of the asset forms an immediate and direct charge against the operating income, and therefore it is unnecessary to make any further provision for depreciation.
- ☞ Grant or donation, where the amount representing the value of such grant or donation is immediately credited to the "Loans Redeemed and Other Capital Receipts" account.

- 3.3 Proceeds on sale of assets are shown in the cashflow Statement with profit/(loss) on sale of assets reflected in the income statement in compliance with statements of GAAP
- 3.4 Fixed assets are financed from different sources, including operating income, endowments and internal advances. These loans and advances are repaid within the estimated lives of the assets acquired from such loans or advances. Interest is charged to the service concerned at the interest rate as determined by the Council at the time that the advance is made.
- 3.5 Finance leases are recognised in terms of GAAP and assets financed by means of finance leases are depreciated over the period of the lease. The method of recognition was used as the municipality is in a transition to GRAP by financial year ending 2009.

4 Inventory

Inventory is valued at average cost and is issued at the first-in-first-out basis.

5 Funds and Reserves

5.1 Consolidated Capital Development and Loans Fund

A minimum contribution of 7,5% of the income from assessment rates for the immediately preceding financial year is required in terms of section 75 of the Municipal Ordinance, No 20 of 1974. No contribution was made for 2006/07 as the Council did not have funds to back-up reserves created.

5.2 Parking Area Fund

This Fund was created to supply ample parking when a developer could not supply sufficient parking within the development. Contribution to the fund is being made through a levy determined annually by Council.

5.3 Dog Tax Fund

This Fund was established to assist the local branch of the Society for the Prevention of Cruelty to Animals.

5.4 Working Capital Reserve

Established to provide funding for shortfall in uncollected revenue.

5.5 Training Fund

The training fund was established to assist councils employees to further their qualifications. Contributions are being made through the estimates on an annual basis, plus from the Skills development fund.

5.6 Housing Reserves

The housing reserves was established according to the previous housing scheme. This scheme is being phased out.

6 Surpluses and Deficits

Any surpluses or deficits arising from the operation of the Water Service are accumulated with the results of the Rate and General Services in the Accumulated Surplus/(Deficit).

7 Leased Assets

Fixed assets held under finance lease are capitalised. Such assets are effectively amortised over the term of the lease agreement.

Lease finance charges are allocated to accounting periods over the duration of the leases, by the effective interest rate method, which reflects the extent and cost of lease finance utilised in each accounting period.

All other leases are treated as operating leases and the relevant rentals are charged to the operating account in a systematic manner related to the period of use of the assets concerned.

8 Investments

Investments are shown at the lower of cost or market value if a permanent decline in the value occurred, and are invested per Circular No 26 of 1991 issued by the Provincial Legislature. Interest on Investments are accrued at guaranteed rates of return.

9 Income recognition

9.1 Water Billings

Water meters are read on a monthly basis and billed accordingly. Income recognition is at the date of billing.

9.2 Assessment Rates

The Council applied a differential site rating system. In terms of this system the Assessment Rates are levied on the land and improvement value of the property, and rebates are granted according to the use to which a particular property is put. Rebates are also given to Pensioners according to their income levels.

BALANCE SHEET AS AT 30 JUNE 2008

	NOTE	2008 R	2007 R
CAPITAL EMPLOYED			
FUNDS AND RESERVES		180 428 165	181 093 980
Statutory Funds	1	177 148 541	177 148 541
Reserves	2	3 279 624	3 945 439
(Accumulated Deficit)/Retained Income	18	48 942 510	9 131 041
		229 370 675	190 225 021
TRUST FUNDS	3	27 965 339	10 301 377
LONG-TERM LIABILITIES	4	31 311 305	17 667 430
CONSUMER DEPOSITS:SERVICES	5	4 584 878	4 334 942
		293 232 197	222 528 770
EMPLOYMENT OF CAPITAL			
FIXED ASSETS	6	92 496 982	60 218 613
INVESTMENTS	7	-	-
LONG-TERM DEBTORS	8	-	2 964 595
		92 496 982	63 183 208
<i>NET CURRENT ASSETS\LIABILITIES</i>		200 735 214	159 345 562
CURRENT ASSETS		228 357 345	188 970 346
Inventory	9	2 016 694	1 868 173
Consumer Debtors	10	172 562 583	150 744 592
Other Debtors	11	12 954 058	20 852 614
Cash & Bank		10 589 633	917 275
Short-term Investments	7	30 234 377	14 587 691
Short-term Portion of Long-term Debtors	8	-	-
CURRENT LIABILITIES		27 622 131	29 624 784
Provisions	12	11 860 592	10 091 041
Creditors	13	13 191 533	17 033 364
Short-term Portion of Long-term Liabilities	4	2 570 006	2 500 379
Bank Overdraft		-	-
		293 232 197	222 528 770

**INCOME STATEMENT FOR THE YEAR
ENDED 30 JUNE 2008**

SERVICES	ACTUAL 2006/07			ACTUAL 2007/08			2005/06
	Actual Income (R)	Actual Expenditure (R)	Surplus\ Deficit (R)	Actual Income (R)	Actual Expenditure (R)	Surplus\ Deficit (R)	Surplus\ Deficit (R)
Rates & General Services	199 642 866	191 372 661	8 270 204	247 219 686	215 723 122	31 496 565	20 902 991
Community Services	186 003 704	167 348 878	18 654 825	231 498 203	189 499 419	41 998 784	30 235 759
Subsidised Services	10 179	10 575 228	(10 565 049)	9 525	13 999 235	(13 989 710)	(9 140 591)
Economic Services	13 628 983	13 448 555	180 428	15 711 959	12 224 467	3 487 491	(192 177)
Trading Services	36 617 972	37 242 421	(624 449)	37 825 323	35 404 197	2 421 127	1 566 687
TOTAL	236 260 838	228 615 082	7 645 755	285 045 010	251 127 318	33 917 692	22 469 678
Appropriations for the Year:Refer to Note19			(3 554)				5 893 778
Net Surplus\Deficit) for the Year			7 642 201				39 811 469
Accumulated Surplus/(Deficit):Beginning of Year			1 488 840				9 131 040
ACCUMULATED SURPLUS\DEFICIT):YEAR END			9 131 040				48 942 508

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2008**

	NOTE	2008 R	2007 R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash received from Ratepayers, Government and other		247 219 686	169 814 017
Cash Paid to suppliers and employees		-243 873 813	(224 143 054)
Cash generated from/(utilised) by operations	20	3 345 873	(54 329 037)
Changes in working capital	20	(16 140 235)	5 495 252
Cash Contributions from the Public and the State	19	-	41 790 374
Interest Received	18	29 934 251	24 343 350
Interest Paid	18	(2 376 387)	(2 373 863)
		-	-
NET CASH FLOW FROM OPERATING ACTIVITIES		14 763 502	14 926 076
Cash flows from Investing Activities			
Purchase of Property, Plant and Equipment		(25 092 190)	(11 685 896)
Proceeds on Disposal of Plant, Property and Equipment		1 055 738	2 397 804
Long-Term Debtors		2 964 595	(523 060)
Increase in Call Investment Deposits	22	(15 646 686)	3 864 427
NET CASH FROM INVESTING ACTIVITIES		(36 718 543)	(5 946 725)
Cash flow from Financing Activities			
Increase/(Decrease) in Long-term Loans	21	13 713 501	1 357 668
Transfer from Reserves		-	(772 764)
Trust Funds	3	17 663 962	12 854 492
Increase in Consumer Deposits		249 936	2 290 539
NET CASH FROM FINANCING ACTIVITIES		31 627 399	15 729 935
NET INCREASE IN CASH AND CASH EQUIVALENTS		9 672 358	24 709 287
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		917 275	(23 792 011)
CASH AND CASH EQUIVALENTS AT END FOR PERIOD		10 589 634	917 275

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2008

		2008	2007
	R	R	R
			opening balance
1. STATUTORY FUNDS			
Consolidated Loan Fund	App A	117 882 854	117 882 854
Revolving Funds	App A	57 381 299	57 381 299
Parking Area	App A	1 020 956	1 020 956
Dog Tax	App A	159 888	159 888
Community Facility	App A	55 049	55 049
Loss of Rent	App A	196 270	196 270
Housing Development Fund	App A	-	-
Building Renewal Fund	App A	452 225	452 225
	-	177 148 541	177 148 541
(Refer to Appendix A for more detail)			
2. RESERVES			
Insurance Reserve	App A	69 583	77 093
Training Fund	App A	156 021	843 737
Mayors fund	App A	26 982	4 314
Disaster fund	App A	400 000	400 000
Working Capital	App A	2 620 296	2 620 296
Revaluation Reserve	App A	6 742	-
		3 279 624	3 945 439
3. TRUST FUNDS			
Local Government Grant	App A	(2 372 214)	(2 372 214)
Municipal Infrastructure Grant (MIG)	App A	22 248 846	6 391 137
Housing Infrastructure Grant	App A	5 116 357	11 709 344
Municipal Systems Improvement Grant (MSIG)	App A	(668 595)	(984 148)
Rural Water Support Grant	App A	(792 172)	539 109
Road Rehabilitation Grant	App A	(0)	(1 189 224)
Purchase of Vehicles & Equipment	App A	1 861 318	1 861 318
Land Development Fund	App A	867 840	867 840
Local Economic Development Grant (LED)	App A	(385 971)	(31 783)
Finance Management Grant	App A	2 002 489	2 732 042
Grant-in-Aid	App A	87 440	(8 749 745)
	-	27 965 339	10 773 677
(Refer to Appendix A for more detail)			

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2008

		2008 R	2007 R
4. LONG TERM LIABILITIES			
Government Loans		186 009	186 009
Lease Financing	App B	4 282 373	3 213 537
Local Registered Stock	App B	22 000 000	8 000 000
Annuity Loans	App B	7 412 929	8 768 264
		33 881 311	20 167 810
Less: Current Portion Transferred to Current Liabilities		2 570 006	2 215 697
Government Loans	App B		294 776
Lease Financing	App B		
Local Registered Stock	App B	1 000 000	1 000 000
Annuity Loans	App B	1 570 006	920 921
		31 311 305	17 952 112

Lease Financing**Government Loans**

Advanced by the State for an Electricity Project and carry interest an interest rate of 10 % per annum and is repayable over a period of 15 years.

Local Registered Stock (INCA)

These loans are held in the Consolidated Capital Development and Loan Fund. The loan carry a rate of interest of 15% per annum and repayable over 10 years.

Capital due 10/2003: refinanced for another 10 years.

Annuity Loans (Development Bank of SA.)

Carry interest at rates of 10% and 13% per annum and repayable over a period of 20 years.

5. DEPOSITS

Water/Electricity	4 584 878	1 101
Tender	-	72 399
Other	-	4 111 083
	4 584 878	4 184 583

6. FIXED ASSETS

Fixed assets at the beginning of the year	App C	-	282 628 398
Capital expenditure during the year	App C	-	23 932 115
Less: Assets written off, transferred or disposed of during the year	App C	-	(1 649 994)
Total Fixed Assets		-	304 910 518
Less: Loans redeemed and other capital receipts		-	251 591 649
Net Fixed Assets		-	53 318 868
		92 496 982	
		92 496 982	

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2008

	2008 R	2007 R
7. INVESTMENTS		
Disclosure in terms of section 125/2 of the MFMA		
<u>Listed</u>		
RSA Government Stock	0 0	0
<u>Unlisted</u>		
Investment in Associates or Entities	0	-
Investment in Municipal Entities	-	-
Total Unlisted	-	-
<u>Financial Instruments</u>		
Fixed Deposits/Call Deposits	30 234 377	14 587 691
Total Cash Investments	30 234 377	14 587 691
	30 234 377	14 587 691
The municipality investment all excess cash in call deposits (1-day call, 32-day call and 60-day call) with the four major banks in line with approved Investment Policy		

8. LONG-TERM DEBTORS

Staff housing loans		0
Study Loans	0	0
Eskom (Ex-Becor)		0
Land Sales	0	2 414 430
Housing selling scheme loans	0	550 165
	0	2 964 595
Less : Short-term portion transferred to current assets	0	0
Staff housing loans	0	0
Study Loans	0	0
Eskom (Ex-Becor)	0	0
Land Sales	0	0
Housing selling scheme loans	0	0
Total	0	2 964 595

9. INVENTORY

Consumable stores, raw materials, work-in-progress and finished goods		
- Main Store	1 850 336	1 709 229
- Diesel	40 831	76 700.52
- Petrol	75 354	82 243
- Stock Transfer Suspense	50 174	
Total	2 016 694	1 868 173

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 200

	2008
	R
10. DEBTORS	
Government Debtors	94 226 227
Housing debt (Provincial)	-
Residential, Schools, Business, Farms, etc	248 264 680
Other	7 146 879
Total Current Debtors (Consumer and Other)	349 637 786
Amounts paid in advance	-
	349 637 786
Less: Provision for Bad Debts (App A)	(177 075 203)
	172 562 583
 CONSUMER/ RATES DEBTORS AGE ANALYSIS :	
Current	21 301 695
30 Days	14 064 762
60 Days	13 700 098
90 Days and Over	300 571 231
	349 637 786
 11 OTHER DEBTORS	
Ambulance subsidy debtors	-
Fire subsidy debtors	-
Health subsidy debtors	1 264 142
Staff Debtors	1 984 630
SARS (VAT)	0
Debtors Suspense	0
Sundry Debtors	9 705 285
 Total	12 954 058
 12 PROVISIONS	
Audit Fees external (App A)	-
Performance Bonus	3 361 305
Leave Gratuity (App A)	8 499 288
	11 860 592
 13 CREDITORS	
Trade Creditors	9 352 590
Debtors accounts paid in advance (refer Appendix I)	3 465 899
SARS (VAT)	373 044
Other Creditors	13 191 533

2007
R

76 318 526
31 125 169
189 208 342
10 316 059
306 968 096
(8 529 437)
298 438 659
(147 694 067)
150 744 592

29 843 866
8 953 160
8 953 160
250 688 473
298 438 659

-
-
1 264 142
1 191 174
6 842 505
11 554 793
0
20 852 614

344 943
2 614 368
7 131 730
10 091 041

4 838 457
8 982 254
3 212 652
17 033 364

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2008

14. ASSESSMENT RATES

	Valuation as at 1 July 2005 R	Valuation as at 1 July 2005 R	Valuation as at 1 July 2006 R	Valuation as at 1 July 2006 R	Actual Income 2007/08 R	Actual Income 2006/07 R
	LAND VALUE	IMPROVEMENT VALUE	LAND VALUE	IMPROVEMENT VALUE		
Domestic	145 319 599	636 873 406	187 491 449	770 040 706		21 255 177
Business	49 965 600	211 718 100	51 119 300	195 456 400		14 771 763
Aslaagte	2 045 300	2 609 000	2 127 300	2 733 000		340 351
Agricultural	2 208 300	60 000	2 208 300	60 000		7 579
Pensioners	6 499 900	34 343 300	5 745 800	29 810 500		212 136
Government Residence	38 752 500	107 014 000	25 446 633	65 183 400		18 891 143
Government Business	38 671 300	473 908 900	27 164 950	426 731 600		30 441 089
Government Offices	15 881 000	146 880 000	18 762 700	164 152 600		13 763 787
Non Taxable	48 211 651	79 145 000	32 126 201	74 509 800		
Industrial	22 038 000	62 828 000	21 632 000	60 343 000		3 723 633
Penalties (30)	214 000	510 000				-
Rates Exempt	4 295 300	51 528 800	4 633 000	17 593 700		-
Creches	894 800	1 621 400	334 400	1 140 800		170 162
R D P ext 36/38	3 029 500		20 200			88 387
Ottoshoop			185 900	753 800		19 159
Guest Houses 3 Rooms	35 000	155 000	10 000	95 000		5 003
Guest Houses 12 Rooms	409 700	1 407 400	327 800	1 222 300		168 408
Guest Houses 13 Rooms	205 000	1 355 000	165 000	1 260 000		118 410
	378 676 450	1 811 957 306	379 500 933	1 811 086 606	-	103 976 187
INTERIMS						
GOVT REBATE						
TOTAL	378 676 450	1 811 957 306	379 500 933	1 811 086 606	-	103 976 187

General Valuations on Land and Improvements was not performed every three years and the last General Valuations was done in 1997. The latest valuation was performed in 2005 and the valuation roll was approved for implementation in July 2006 with the determination date of January 2006. The basic rate was 0.10c per rand on both land and improvement values (22.11c:2005/06) on Land and 0.152c per rand (0.152c: 2005/06) on Improvements). Rebates of 66% (Residences), 25% (Businesses/Commercial), 28% (Industrial) and 74% (Agricultural) Pensioners were granted a

15.(a) AUDITORS REMUNERATION

Disclosure in terms of section 125 (c) of MFMA Act

Audit Fees

Opening Balance

Contribution

Expenses

Balance at Year End

R	R
344 943	344 943
344 943	-
(0)	344 943

15.(b) SALGA CONTRIBUTION

Disclosure in terms of section 125 (b) of MFMA Act

Opening Balance

Contribution

PAID

Balance at Year End

-	-
347 820	241 686
(347 820)	(241 686)
-	-

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2008

16. COUNCILLORS REMUNERATION

Disclosure in terms of section 124(b) of MFMA

	2008 R	2007 R
MAYOR		
Allowance	300 331	283 779
Travelling	121 330	112 838
Cellphone Allowance	28 836	26 832
Housing Allowance		-
Medical Maximum	17 280	12 168
Pension	45 050	42 567
TOTAL	512 827	478 184

SPEAKER

Allowance	238 123	224 907
Travelling	97 040	90 270
Cellphone Allowance	14 400	13 404
Housing Allowance		-
Medical Maximum	17 280	12 168
Pension	35 719	33 736
TOTAL	402 562	374 485

MAYORAL COMMITTEE & CHIEF WHIP (9)

Allowance	1 983 200	1 891 706
Travelling	811 723	761 634
Cellphone Allowance	128 180	120 636
Housing Allowance		-
Medical Maximum	147 325	109 512
Pension	298 656	283 756
TOTAL	3 369 084	3 167 245

PART TIME COUNCILLORS

Allowance	11 569 710	3 497 715
Pension	511 332	524 659
	12 081 042	4 022 374

in-kind Benefits

The Executive Mayor, Speaker, Mayoral Committee Members are full-time. Each is provided with an office and seretarial support at the Cost of the Council and are paid travelling and allowance for travells outside Mafikeng. The Executive Mayor used own vehicle until a mayoral vehicle was purchased during May 2007

17. EMPLOYEE RELATED COSTS

Employee related costs - Salaries and Wages	75 435 267	59 427 578
Employee related costs - Contribution for UIF,	513 221	454 608
Pension and medial aids	14 397 921	14 042 908
Travel, motor car, accommodation, subsistence and other allowance	3 724 839	6 950 757
Housing benefits and allowances	790 919	518 942
Overtime payments	5 298 977	5 130 773
Bonus	5 202 450	3 251 354
Long-service awards	-	370 604
Less: Employee costs authorized to Property, Plant and Equipment	-	-
Less: Employee costs included in other expenses	-	-
	105 363 594	90 147 525

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2008

Disclosure in terms of Section 124c of the MFMA

Remuneration of the Municipal Manager

	2008 R	2007 R
Annual remuneration	780 480	720 000
Bonus	-	72 000
Cellphone Allowance	19 056	16 500
Gross Package	799 536	808 500

Remuneration of the Chief Finance Officer

Annual remuneration	672 080	648 267
Bonus	-	50 440
Cellphone Allowance	14 693	16 014
Gross Package	686 773	714 721

Remuneration of the 5 Directors

Annual remuneration	3 025 705	2 790 853
Prior year bonus	-	259 237
Bonus	-	297 272
Cellphone Allowance	90 038	63 779
Gross Package	3 115 743	3 411 141

Remuneration of the Individual Executive Directors

30 June 2008

	Corporate Services	Planning and Development Services	Infrastructure Services	Community Services	Public Safety
Annual remuneration	605 141	605 141	605 141	605 141	605 141
Prior year bonus	57 366	59 145	55 825	55 825	69 111
Bonus	-	-	-	-	-
Cellphone Allowance	6 716	40 242	14 840	21 361	6 879
Gross Package	669 223	704 528	675 806	682 327	681 131

30 June 2007

	Corporate Services	Planning and Development Services	Infrastructure Services	Community Services	Public Safety
Annual remuneration	573 657	558 249	558 249	558 249	542 449
Prior year bonus	53 453	52 027	52 027	52 027	49 703
Bonus	57 366	59 145	55 825	55 825	69 111
Cellphone Allowance	12 241	17 837	13 519	16 128	4 053
Gross Package	696 717	687 258	679 620	682 229	665 317

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2008

	2008 R	2007 R
18. FINANCE TRANSACTIONS		
Total External Interest Earned or Paid		
Interest Earned	29 934 251	24 343 350
Interest Paid (External Loans and Overdraft)	<u>(2 376 387)</u>	<u>(2 373 863)</u>
19. APPROPRIATION		
Appropriation Account:		
Accumulated Surplus/(Deficit) at the beginning of the year	9 131 041	1 488 840
Operating (deficit)/surplus for the year	33 917 692	7 645 755
Appropriations for the year	-	-
Contributions to provisions and Reserves		
Contribution to Capital Expenditure		
Abnormal Items		
Prior Year Adjustments	5 893 778	(3 554)
Accumulated Surplus/(Deficit) at the end of the year	48 942 510	9 131 041
<u>Operating Account</u>		
Capital Expenditure		2 373 863
Contributions to:		(48 307 354)
Provisions and Reserves		53 579 247
Statutory Funds	-	7 645 756

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2008

	R	R
19. CASH GENERATED BY OPERATIONS		
Surplus/(Deficit) for the year	33 917 692	7 645 754
Adjustments in respect of previous year's operating transactions		
Adjust for other transactions	(3 013 954)	(588 793)
Depreciation	527 363	380 979
Profit on sale of assets	(1 055 738)	(969 772)
Inter-departmental charges	(2 485 579)	
Capital Charges	-	2 373 863
Interest on Internal Funds	-	2 373 863
Redemption on Internal Funds	-	-
	(27 557 864)	(63 759 861)
Interest Earned	(29 934 251)	(24 343 350)
Interest Paid	2 376 387	2 373 863
Government Income		(41 790 374)
	<u>3 345 874</u>	<u>(54 329 037)</u>
Investment Income (Operating Account)	-	-
Non Operating Income	-	-
Interest Earned	29 934 251	24 343 350
Provisions/Reserves/ Statutory/Trust Fund Income	-	-
Interest Paid and Overdraft Interest	(2 376 387)	(2 373 863)
Expenditure charged against Provisions and Reserves	-	-
	<u>27 557 864</u>	<u>21 969 487</u>
20. (INCREASE)/DECREASE IN WORKING CAPITAL		
(Increase)/Decrease in Inventory	(148 522)	(396 424)
(Increase)/Decrease in Consumer Debtors	(21 817 991)	30 054 097
(Increase)/Decrease in Other Debtors	7 898 557	(8 309 639)
(Increase)/Decrease in Debtors (current & non-current)	-	-
Increase/(Decrease) in Creditors	(3 841 831)	(19 176 764)
Increase/(Decrease) in Provisions	1 769 552	3 323 982
Increase/(Decrease) in current portion Long-term Liability		
	<u>(16 140 235)</u>	<u>5 495 252</u>
21. INCREASE/(DECREASE) IN LONG TERM LOANS (External)		
Loans raised	16 627 756	3 638 416
Loans repaid	(2 914 255)	(2 280 749)
	<u>13 713 501</u>	<u>1 357 667</u>

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2008

22. (INCREASE)/DECREASE IN EXTERNAL CASH INVESTMENTS

Investments realised
Investments made

229 400 000	175 862 699
(213 753 314)	(174 727 125)
15 646 686	1 135 574

23. RETIREMENT BENEFITS

The last Actuarial Valuations of the Mafikeng Municipal Pension and the Municipal Councillors Pension Fund were done on 01 July 2000.

24. CONTINGENT LIABILITIES AND CONTRACTUAL OBLIGATIONS

Guarantees by Mafikeng Local Municipality in respect of commercial bank Housing Loans to Officials (Collateral Security)

-	-
---	---

26 CONSOLIDATED CAPITAL DEVELOPMENT & LOANS FUND

Accumulated Fund
Less: Internal redemption
Internal Advances
Balance at year end
(Ref. Appendices A)

117 882 853	117 882 853
-	-
-	-
117 882 853	117 882 853

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2006

28. ADDITIONAL DISCLOSURE IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

28.1 VAT

VAT inputs receivable and VAT outputs payable are included in debtors. All VAT returns have been submitted by due date throughout the year.

28.1 Councillors' arrear consumer account

The following Councillors had arrear accounts outstanding for more than 90 days as at -

	<u>Total</u>	<u>Outstanding less than 90 days</u>	<u>Outstanding more than 90 days</u>
30 June 2008			
Councillor SLM Milner-Bertrand	25 185	562	24 623
Councillor L P Phoolo	20 349	356	19 993
Councillor PM Tabane	8 174	478	7 697
Councillor C Gavrilovic	1 613	314	1 299
Councillor G L Mathane	775	775	0
Councillor M Z Meko	320	320	0
	56 416	2 804	53 612
	<u>Total</u>	<u>Outstanding less than 90 days</u>	<u>Outstanding more than 90 days</u>
30 June 2007			
Councillor SLM Milner-Bertrand	25 777	1 365	24 413
Councillor C Gavrilovic	11 919	465	11 454
Councillor PM Tabane	3 319	426	2 893
Councillor G L Mathane	3 016	234	2 781
Councillor S Motswenyane	2 114 #	341	1 773
Councillor L P Phoolo	666	456	211
Councillor M Z Meko	470	287	183
	47 282	3 574	43 708

During the year the following Councillors' had arrear accounts outstanding for more than 90 days.

		<u>Highest amounts outstanding</u>	<u>ageing</u>
30 June 2007			
Councillor SLM Milner-Bertrand	24 623	24 623	+120 DAYS
Councillor L P Phoolo	19 993	19 993	+120 DAYS
Councillor PM Tabane	7 697	7 697	+120 DAYS
Councillor C Gavrilovic	1 299	1 299	+120 DAYS
	53 611.55	53 611.55	

**APPENDIX A: STATUTORY FUNDS, RESERVES, PROVISIONS AND TRUST FUNDS
FOR THE YEAR ENDED 30 JUNE 2008**

	Balance at 30.06.2007	Contributions during the year	Interest on Investment	Other Income	Operating expenditure during the year	Capital expenditure during the year	Balance at 30.06.2008
	R	R	R		R	R	R
1. STATUTORY FUNDS							
Consolidated Loan Fund	117 882 854	-					117 882 854
Revolving Funds	57 381 299	-					57 381 299
Parking Area	1 020 956	-					1 020 956
Dog Tax	159 888	-					159 888
Community Facility	55 049	-					55 049
Loss of Rent	196 270	-					196 270
Building Renewal Fund	452 225	-					452 225
Housing Development Fund	-	-			-		-
	177 148 541	-	-	-	-	-	177 148 541
2. TRUST FUNDS							
Local Government Grant	(2 372 214)						(2 372 214)
Municipal Infrastructure Grant (MIG)	5 918 837			32 457 568	2 158 023	13 969 536	22 248 846
Housing Infrastructure Grant	11 709 344			3 092 418	8 018 117	1 667 288	5 116 357
Municipal Systems Improvement Grant (MSIG)	(984 148)			1 011 728	684 447	11 728	(668 595)
Rural Water Support Grant	539 109			1 277 997	1 264 623	1 344 655	(792 172)
Road Rehabilitation Grant	(1 189 224)			1 189 224			(0)
Purchase of Vehicles & Equipment	1 861 318			-			1 861 318
Land Development Fund	867 840			-			867 840
Local Economic Development Grant (LED)	(31 783)			650 000	386 452	617 735	(385 971)
Finance Management Grant	2 732 042			500 000	1 229 553		2 002 489
Grant-in-Aid	(8 749 745)			8 837 185	-		87 440
	10 301 377	-	-	49 016 120	13 741 216	17 610 942	27 965 339
3. RESERVES							
Insurance Fund	77 093	-			7 510		69 583
Training Fund	843 737	1 217 682			1 905 397		156 021
Mayors Fund	4 314	43 868			21 200		26 982
Disaster fund	400 000	-			-		400 000
Working Capital	2 620 296	-					2 620 296
Revaluation Reserve		6 742					6 742
	3 945 439	1 268 292	-	-	1 926 597	-	3 279 624
4 PROVISIONS							
Leave Gratuity	7 131 730	3 887 629			2 520 072		8 499 288
Audit Fees	344 943				344 943		-
Bad Debts	147 694 067	29 381 137					177 075 203
Performance Bonus	2 614 368	746 937					3 361 305
	121 504 409	34 015 703	-	-	2 865 015	-	188 935 796
TOTAL	312 899 766	35 283 995	-	49 016 120	18 532 827	17 610 942	397 329 299

MAFIKENG LOCAL MUNICIPALITY

APPENDIX B : EXTERNAL LOANS

EXTERNAL LOANS	Balance at 30 June 2007 R	Received During the Year R	Redeemed During the Year R	Balance at 30 June 2008 R
Local Registered Stock (INCA)				
<i>Issued Loan no Redeemable</i> 1993 @ 15,00% 1/21 10/2003	8 000 000	15 000 000	1 000 000	22 000 000
(Being refinanced in 2004/2005)	8 000 000	15 000 000	1 000 000	22 000 000
Annuity Loans (DBSA)	8 768 263.50		1 355 334	7 412 929
Government Loans (<i>Housing/Services</i>)	186 009			186 009
Leased Financing	3 213 537	1 627 756	558 921	4 282 373
TOTAL EXTERNAL LOANS	20 167 810	16 627 756	2 914 255	33 881 311

APPENDIX C
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT

Expenditure 2006/07 R	SERVICE	Budget 2008 R	Balance at 2008 R	Expenditure during year R	Redeemed transferred or written off R	Balance at 2008 R
22 271 581	RATES AND GENERAL SERVICES	52 875 514	257 265 713	23 316 856	1 342 315	279 240 254
13 552 471	Community Services	44 275 003	144 921 824	20 086 270	304 647	164 703 447
512 061	City Secretary / Corporate Support	19 530 001	2 012 236	8 935 890		10 948 126
194 031	City Treasurer / Finance	1 320 002	4 937 370	219 014		5 156 384
17 077	Health / Community Services	175 000	261 676	60 348	20 221	301 803
12 829 302	City Engineer / Infrastructure	23 250 000	139 722 778	19 806 908	284 426	159 245 260
3 386 659	Subsidised Services	1 180 511	48 449 510	2 698 655	733 838	50 414 327
407 020	Protective Services / Public Safety	248 511	12 569 076	2 080 182	702 113	13 947 145
2 577 449	Civic Buildings	-	28 661 756		31 725	28 630 031
-	Staff Housing	-	1 059 440			1 059 440
22 558	Library	-	583 027	466 706		1 049 733
379 632	Parks	932 000	5 576 211	151 767		5 727 978
5 332 450	Economic Services	7 420 000	63 894 379	531 931	303 830	64 122 480
406 300	Sewerage	1 420 000	52 467 263	531 931		52 999 194
4 926 150	Cleansing and Sanitation	6 000 000	11 427 116		303 830	11 123 286
-	HOUSING SERVICES	-	632 232	-	-	632 232
-	Sub Economic Housing	-	411 526			411 526
-	Economic Housing (Unsold)	-	220 706			220 706
1 811 674	TRADING SERVICES	500 000	23 757 691	1 775 334	-	25 533 025
1 811 674	Water	500 000	23 757 691	1 775 334		25 533 025
-	OTHER SERVICES	-	20 142 644	-	-	20 142 644
-	Dog Tax		1 095			1 095
-	Parking Meters		251 525			251 525
-	Suspense Development	-	19 890 024	-	-	19 890 024
-	- Permanent works		19 890 024			19 890 024
-	- Houses		-			-
24 083 255	FIXED ASSETS	53 375 514	301 798 280	25 092 190	1 342 315	325 548 155
5 394 450	Less: Capital Redeemed and Other Capital Receipts	18 888 760	241 579 667	(7 186 180)	1 342 315	233 051 172
5 407 303	Loans Redeemed & Advances Repaid		3 328 941	3 666 460	337 519	6 657 882
38 265	Contributions from Operating Income	361 600	13 645 837	30 856	769 500	12 907 193
(15 558 215)	Contributions from Reserves		64 769 595		-	64 769 595
15 037 442	Grants and Subsidies	6 360 200	138 970 469	(10 883 496)	235 296	127 851 677
469 655	Contributions from Land Develop. Fund	12 166 960	20 864 825	-	-	20 864 825
(18 688 805)	NET FIXED ASSETS	34 486 754	60 218 613	(32 278 370)	-	92 496 983

APPENDIX D

**ANALYSIS OF OPERATING INCOME AND EXPENDITURE
FOR THE YEAR ENDED 30 JUNE 2008**

ACTUAL 2007 R	INCOME	2008	
		ACTUAL R	BUDGET R
41 790 374	GRANTS AND SUBSIDIES	44 314 865	51 253 000
41 640 374	Central Government	44 314 865	45 315 000
150 000	Provincial Government	-	-
	Regional District Council/CDM	-	5 938 000
194 470 463	OPERATING INCOME	240 730 145	190 466 618
103 976 187	Assessment Rates	126 057 454	99 700 000
36 617 972	Sale of Water	37 825 323	38 826 080
53 876 304	Other Service Charges	76 847 367	51 940 538
236 260 838	TOTAL INCOME	285 045 010	241 719 618
ACTUAL 2007 R	EXPENDITURE	ACTUAL 2008 R	BUDGET BUDGET R
95 322 607	Salaries, Wages and Allowances	117 139 526	126 832 519
145 274 468	General Expenses	75 386 273	111 481 702
25 331 651	Purchase of Water	20 487 635	26 851 550
119 942 817	Other Expenses	54 898 638	84 630 152
13 227 947	Repair and Maintenance	29 805 415	21 924 777
2 373 863	Capital Charges	-	5 698 425
-	Contributions to Fixed Assets	-	-
-	Contributions	34 009 312	5 691 379
256 198 885	Gross Expenditure	256 340 526	271 628 802
(27 583 802)	Less: Amounts Charged Out	(5 213 208)	(30 681 225)
228 615 083	NET EXPENDITURE	251 127 318	240 947 577
7 645 755	SURPLUS / (DEFICIT)	33 917 692	772 041